October 20, 2000

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Ms. Dorothy Attwood
Chief, Common Carrier Bureau
Federal Communications Commission
445 12th St., SW
Washington, DC 20554

EX PARTE OR LATE FILED

Re: Inter-Carrier Compensation for ISP-Bound Traffic, CC Docket No. 99-68

Dear Ms. Attwood:

This ex parte communication from the under-signed competitive local exchange carriers amplifies certain issues that were discussed during our September 19th meeting concerning the above proceeding.

I. Reciprocal Compensation Rates Have Moved Rapidly to Cost-Based Levels Via State Supervision Pursuant to Section 252.

Four years ago this Commission estimated in its Local Competition Order that the variable costs recovered by reciprocal compensation should fall within a range of $0.002-$0.004/MOU for end office switching, plus $0.0015/MOU for tandem switching (¶ 1060), producing an overall estimated cost of $0.002-$0.0055/MOU for terminating switching. However, the reciprocal compensation rates insisted upon by the incumbents in the initial round of interconnection contracts entered into after passage of the '96 Telecom Act were far in excess of these costs.

The rates successfully demanded by the ILECs (which the CLECs had to accept because arbitration would have delayed their market entry unacceptably) ranged from a high of $0.015/MOU for BellSouth in North Carolina (i.e., 750% to 272% of the Commission's cost range) to a "low" of around $0.008/MOU in several jurisdictions (400% to 145% of the Commission's cost range for switching).

Now that the initial agreements have expired, the states have implemented cost-based reciprocal compensation levels in numerous proceedings supported by vigorously litigated records. For example, the weighted average of terminating switching rates ordered by the four largest states that have addressed this issue over the past year is $0.0027/MOU,[1] which is only $0.0007/MOU above the *bottom* of the Commission's cost range, and less than half (49%) of its cost ceiling.

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[1] Attachment A. Further examples of this steep decline are appended in Attachment B.

II. Interconnection Issues - A Proposal Addressing Transport Costs, FX Traffic, and Interconnection Provisioning.

Although this proceeding was intended to address inter-carrier compensation for terminating calls to ISPs, numerous peripheral issues have been raised.

For example, the ILECs contend that not only are they required to pay reciprocal compensation for ISP bound calls, but that they are also required to bear the cost of transporting the calls long distances to interconnect at CLEC POIs. They contend that providing an ISP with NXXs for calling areas in which the ISP does not have a physical presence exacerbates this problem and that these FX-like calls should not be subject to reciprocal compensation.[2] At the same time, CLECs contend that ILECs seek to undercut the CLECs' ability to compete by, among other things, refusing to timely provide trunks and transport, thereby preventing CLECs from providing service to their customers, and artificially reducing the ILECs' reciprocal compensation obligations.

In order to prevent these peripheral issues from distracting the Commission from the fundamental issue of inter-carrier compensation, the undersigned CLECs hereby offer a proposal that resolves all these contentions. As described in more detail below, this proposal requires: (a) a CLEC to create an additional POI for any NXX that is twenty-five (25) or more miles, as calculated by using V+H coordinates, from an existing POI as soon as it becomes cost-efficient for the CLEC to do so; and (b) requires ILECs to timely provision properly forecasted interconnection and transport facilities. This proposal is offered upon the express condition that the Commission agrees that this proposal resolves all these interconnection issues, and thereby is able to adopt it without change. The specifics of this proposal are as follows:

Creation of Additional POIs -- The undersigned CLECs hereby agree that in the event they open up NXXs located twenty-five (25) or more miles, as calculated using V+H coordinates, from an existing POI, they will create a new POI within twenty-five (25) miles, as calculated using V+H coordinates, of that NXX once the volume of traffic involving that NXX is sufficient to make it economically efficient for a CLEC to provision transport involving the new POI. This offer is contingent upon the following understandings, as well as the "Interconnection Provisioning" proposal set out below:

- A CLEC may select the manner in which it would assume the economic burden of transport involving any such new POI including, but not limited to, self-provisioning,

[2] FX service permits an end user (often a business seeking to insure that potential customers can reach it without placing a toll call) to receive local calls from a local calling area in which the end user is not physically located. The end user obtains a local number within the remote calling area so that in-bound calls will be treated as local. When in-bound calls reach this number, they are then carried outside the local calling area via the FX service to the end user's location. These communications are thus broken into two distinct parts: an in-bound local call (paid for by the calling parties) and a long distance component, the FX service (paid for by the called party).

selection of a third-party vendor, or payment for ILEC dedicated transport at UNE rates.

- A CLEC may select the form of any such new POI, including, but not limited to, meet point POIs (i.e., the designation of a point on an existing transport facility at which the CLEC would assume responsibility for transport), facilities-based POIs, collocation-based POIs, etc.

- It is not economically efficient for a CLEC to provision transport involving a new POI until the monthly volume averages 500,000 minutes per month or more for three consecutive months, unless the parties agree otherwise.

- Once a CLEC agrees to comply with this additional POI proposal, all calls originating from an NXX and terminating to an NXX which are each associated with the same ILEC local calling area shall be treated the same as other calls between NXXs associated with that same area, regardless of the physical location of the called party.

- The additional POI proposal will be implemented over an eighteen month period. During this transition, the requirement to create additional POIs shall attach when a CLEC provides service to NXXs 50 miles or more, calculated using V+H coordinates, from an existing POI. Thereafter, the 25 mile limit shall apply.

- The additional POI proposal is specifically dependent on the utilization of the same costing and pricing methodologies for the establishment of both inter-carrier compensation and UNEs.[3]

Interconnection Provisioning – The Commission shall issue an order that requires ILECs to include in all interconnection agreements provisioning performance standards that, at a minimum, require:

- ILECs to timely provision all good faith forecasted interconnection facilities;

- the imposition of liquidated damages for failure to timely provision properly forecasted facilities;

- performance metrics to measure quality provisioning.

Attachments C and D provide examples of language and minimum performance requirements that might be incorporated in interconnection agreements to effectuate the Commission's order.

[3] This issue is discussed in detail at VI. *infra*.

If adopted, this proposal would cure the ILECs' complaints about increased transport costs. Furthermore, this proposal would insure that an ILEC's costs to transport ISP-bound traffic would be effectively the same regardless of whether an end user were physically located within the local calling area, or if it were connected via a CLEC's FX-like service. Finally, the ILECs would no longer be able to escape their obligation to provision properly-forecasted interconnection and transport facilities.

By contrast, various ILEC approaches to this issue would needlessly require the installation of new facilities, collocation provisioning, replication of the ILEC network topology, etc., and completely disregard facilities provisioning problems. [4] Unlike the deliberately burdensome ILEC approaches, the additional POI proposal does not require CLECs to duplicate ILEC network architectures by creating POIs in every ILEC calling area. Furthermore, any new POI mandated by these rules may consist of a simple meet point (i.e., a specification of the point on a transport facility beyond which the CLEC would assume transport cost responsibility) unless the CLEC prefers instead to establish a facilities-based POI. Finally, provisioning is expressly linked to forecasting. Adoption of this proposal would resolve these important issues; while insuring that inter-carrier compensation concerns can be addressed according to their own merits.

III. The ILEC's Proposal to Set Reciprocal Compensation Rates Below Cost Via a Cap is Fundamentally Inconsistent with the Procompetitive Mandate of the 1996 Act.

ILECs have argued that the payment of inter-carrier compensation for calls to ISPs are a significant and growing drain on ILEC revenues because the costs of these calls are not covered by local service rates. As demonstrated by their own submission, the ILECs are wrong on all counts. The ILECs in their own projections confirm our position that reciprocal compensation rates have rapidly declined to levels consistent with the Commission's own cost findings. In an attachment to Bell South's *ex parte* of October 12[5] filed in this proceeding, the ILECs' show the rates for reciprocal compensation declining by over 30% a year. The ILECs project reciprocal compensation rates of $0.0040 in 2000, $0.00275 in 2001 and $0.0015 in 2002. Thus, without any Commission action, the ILECs see rates in 2000 that are within the Commission's original cost-based estimates, and within two years, rates declining *below* the Commission's lowest cost estimates. These projected rates are also below the cost-based rates established by the state commissions in recently litigated proceedings.

Having confirmed that reciprocal compensation rates are presently at cost and are rapidly trending down, the ILECs have the temerity to propose that the Commission interfere with this result and instead set the rates *below* cost. They seek to accomplish this by having the Commission impose an artificial cap on total reciprocal compensation revenues. This proposal would result in MOU rates which are an order of magnitude below the costs determined by the states and this Commission (*see* Section 1, supra). The ILECs provide absolutely no support for

4 See, e.g., Verizon's ex parte in this docket filed October 4, 2000.

5 *Ex Parte* October 12, 2000, filed on behalf of Bell South, Verizon, Qwest and SBC, Attachment I, Potential Cost of Reciprocal Compensation for Terminating Internet Traffic.

their cap, and the record in this proceeding is devoid of any evidence to sustain the ILEC proposal. Indeed, the proposal is flatly inconsistent with the Commission's own finding four years ago that reciprocal compensation rates must be set at cost. The ILECs, nevertheless, now seek to delink costs and reciprocal compensation rates. They provide no justification for this abandonment of the fundamental principles of the 1996 Act. The only inference that can fairly be inferred from the ILEC proposal is sheer greed and a determined effort to drive competitors from the market. The adoption of the ILEC proposal would clearly be unlawful and set aside on judicial review.

The ILECs appear to think that this extraordinary proposal is justified by their conclusion that reciprocal compensation rates (not access rates) will move to bill and keep, and that establishing below-cost rates is an appropriate "transition" to bill and keep. The Commission should not in this proceeding prejudge the issue of bill and keep. Whatever the Commission determines in some later proceeding about bill and keep does not justify the imposition of below cost rates in this proceeding. The ILECs, having confirmed that rates are now being set at cost, can provide no basis on which the Commission may adopt this proposal.

While the ILECs often complain of alleged revenue shortfalls due to ISP bound calls and other long duration calls, not a single credible study has been placed in the record in this proceeding that demonstrates any such shortfall, once the appropriate revenues and costs (including avoided costs) are properly accounted for. In fact, the only study submitted in this proceeding[6] purporting to demonstrate a shortfall, was soundly discredited by an economist.[7]

Moreover, even if the ILECs were correct that some intrastate rate structures fail to compensate them adequately for longer duration calls, this Commission has already directed the ILECs' to address their concerns to the state commissions.[8] The ILECs, however, appear intent upon circumventing the Commission's decision.

If the ILECs were to seek rate increases from state commissions, the state commissions would be in a position to assess the validity of the ILEC claims. Further, it is clear that dial-up calls to ISPs are not growing at their previous rate as DSL and other Internet access methods become more widely available. As recently noted "the proportion of on-line households accessing the Web via shared lines . . . dropped 9% (to 68%) in the past six months."[9]

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6 Ameritech Comments, Dkt. 99-68 (April 12, 1999).

7 Reply Comments of the Association for Local Telecommunication Services, Dkt. 99-68, at 18-24 (April 27, 1999).

8 *Access Charge Reform*, First Report and Order, 12 FCC Rcd. 15982, ¶ 346 (1997).

9 Fall 2000 *Ownership Report*, Statistical Research, Inc., October 10, 2000, http://www.statisticalresearch.com/press/pr20001010.htm.

Moreover, if the ILECs were to accomplish their goal of eliminating reciprocal compensation, the ILECs would receive a windfall. Under the sent-paid model of local rate development, end-user revenue, in total, is designed to recover the costs of call origination and call termination. When the ILEC's customer calls a CLEC customer (e.g., an ISP), the ILEC avoids the cost of call termination, while the CLEC incurs the cost of call termination. Under the ILECs' proposal, ILECs would avoid the costs but retain the revenue in end-user rates. Given the fact that large states such as Illinois and New York[10] have minute of use local calling rates that the ILECs collect and would retain under this proposal, the ILEC windfall would be even more substantial and totally unjustified.

There is simply no record basis for the Commission to adopt the ILEC proposals, nor would it be lawful to do so.

IV. SBC's Claim That Local Calls To ISPs Are Not "Sent Paid" -- And Thus Supposedly Are Not Subject To Reciprocal Compensation – Is Contradicted by the Facts.

SBC continues to argue in its ex parte filed September 15, 2000, in this proceeding that calls to ISPs are not sent paid calls. See September 15th ex parte at Part I.E. SBC begins by correctly stating that reciprocal compensation is paid for local traffic because local calls are "sent paid." SBC then asserts this is supposedly not the case with ISP-bound traffic because ISPs pay three specific charges: (1) the business line or other state tariffed rates; (2) the subscriber line charge; and (3) special access surcharges for private lines. Such payments, SBC asserts, demonstrate that ISPs pay for receiving calls, a view supposedly confirmed by the characterization of rates paid by ISPs in past Commission orders and an appellate court decision. SBC's argument is patently wrong. As explained in detail below, the subscriber line charge and private line surcharge are interstate rate elements, and thus have no bearing on the recovery of the intrastate variable costs of terminating local traffic. As for the third rate element cited by SBC -- the intrastate business line rate -- no state has ever altered the "sent paid" status of local calls for any traffic segment. SBC's contention that this Commission somehow altered the sent paid status of these calls is factually unfounded, and is also plainly beyond this Commission's authority so long as it continues to permit ISPs to receive local calls using intrastate local rates.

None of the three charges cited by SBC recovers the intrastate variable costs associated with the transport and termination of ISP-bound traffic. First, because all the costs associated with ISP-bound local calls (including the variable costs of originating and terminating switching) are allocated to the intrastate rate base, those costs are recovered through local service charges tariffed at the state level. SBC does not (and cannot) suggest that states somehow set local business rates so that business customers pay for the transport and termination of calls they receive. Rather, costs associated with calls bound for these customers are recovered from the customers originating those calls. They are thus "sent paid," and since ISPs purchase local business service, calls bound for ISPs are also "sent-paid."

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10 Attached is the Verizon New York tariff and Ameritech Illinois tariff.

Second, the federal subscriber line charge only recovers the interstate cost of the dedicated connection between a customer and the switch serving the customer. See 47 C.F.R. § 69.104, § 69.152. The transport and termination charges assessed by the Commission's reciprocal compensation rules do not recover the cost of the called party's loop connection to its LEC. Instead, these rules permit the carrier serving the called party to be reimbursed only for (1) the variable costs of transmission (including any necessary tandem-like switching) from the interconnection point between the carriers to the terminating carrier's switch serving the called party, and (2) the variable costs of switching the terminating call to the called party. See 47 C.F.R. § 51.701(c)(d). LECs must recover the entirely distinct costs associated with loops directly from their local customers, ISPs included. The fact that all end users, including ISPs, pay state-tariffed and federal subscriber line charges to cover these costs is utterly irrelevant to the recovery of the transport and termination costs of ISP-bound traffic, or any other local traffic.

Third, the interstate special access surcharge cannot possibly be understood to recover the costs of transporting and terminating traffic to ISPs. The special access surcharge is an averaged charge imposed on certain private line channels for the purpose of recovering costs associated with interstate traffic that "leaks" into the local exchange (e.g., because the special access line is connected to a PBX, enhanced service equipment, or some other equipment owned by an end user that eventually connects into the local exchange). The surcharge does not recover the cost of transporting and terminating traffic to ISPs or any other end users because those costs are entirely allocated to the intrastate jurisdiction.[11]

As the Common Carrier Bureau explained in the Letter Ruling, the "traffic sensitive costs" of providing local service to ISPs (as well as all end users), i.e., the costs recovered in transport and termination charges, "must be allocated entirely to intrastate operations." See Letter Ruling, Appendix. The states are therefore responsible for setting charges to recover the costs associated with carrying ISP-bound local calls, and the federal special access surcharge does not recover these costs. Rather, the special access surcharge is simply a nominal contribution made by ISPs as well as all end users purchasing similar facilities to compensate for some perceived shortfall caused by the leaky PBX phenomenon.[12] Given that all of the costs of transporting and terminating ISP-bound calls are allocated to the intrastate jurisdiction, ISP-bound calls do not add to that shortfall.

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[11] See Public Notice, 14 FCC Rcd 8178, Appendix, Letter from Lawrence E. Strickling, Chief Common Carrier Bureau to Dale Robertson, Sr. Vice President, SBC Communications, Inc. (May 18, 1999) (ordering SBC to allocate the costs associated with the local switching and transport of ISP-bound traffic to the intrastate jurisdiction) ("Letter Ruling").

[12] Even if the special access surcharge were designed to recover the costs of transporting and terminating calls to ISP, it would be ill-suited to achieve this goal. This is because it is imposed on special access circuits purchased by ISPs. Those circuits can and often are provided by a firm (including the ISP itself) other than the LEC providing local service to the ISP. The surcharge, originally adopted in a monopoly environment, cannot therefore achieve the task SBC assigns it.

Looking beyond SBC's misportrayals of the end user charges paid by ISP end users (and by all other end users as well), SBC's true complaint is that local service "sent paid" charges do not – in SBC's opinion -- adequately cover the cost of ISP-bound local calls. This contention of SBC is not only flawed but is also brought to the wrong forum. As the Commission explained in the First Report and Order in the Access Charge Reform proceeding, "[t]o the extent that some intrastate rate structures fail to compensate incumbent LECs adequately for providing service to customers with high volumes of incoming calls, incumbent LECs may address their concerns to state regulators." Access Charge Reform, First Report and Order, 12 FCC Rcd 15982, ¶ 346 (1997). Of course, the Commission found no evidence that such a revenue shortfall exists. Id. Nor is there any sound reason why reciprocal compensation should affect any purported revenue shortfall, so long as the price for reciprocal compensation reflects the correct forward-looking variable costs of transport and termination. If set properly, those rates only compensate the terminating LEC for costs that the originating LEC avoids when it is not required to transport and terminate calls to a called party. The originating LEC is therefore in the same position regardless of whether it terminates the traffic to an ISP itself or pays another LEC to perform this service.

In any event, the ILECs are estopped from now asserting that the federal access charge regime allows for the recovery of the costs of ISP-bound traffic in the form of the special access surcharge and the subscriber line charge. In their appeal of the First Report Order in Access Charge Reform proceeding, for example, the ILECs (including SBC) argued that the end user status of ISPs "excuses ISPs from paying the access charges associated with their traffic over the LECs' local networks" and results in "uncompensated costs associated with the LECs' service to ISPs." See Southwestern Bell Tel. Co. v. FCC, 153 F.3d 523, 541-542 (8th Cir. 1998). Apparently, SBC views the access charges paid by ISPs as compensatory when paid to CLECs, but not when paid to ILECs.

Turning to the past Commission orders cited by SBC, they utterly fail to support the claim that ISPs pay for the transport and termination of ISP-bound traffic.[13] To begin with, SBC asserts that "although the access charge exemption altered the amount of money the ISP pays for its access service, it did not transform the compensation methodology into the sent-paid methodology used for local traffic." September 15th ex parte at Part I.E. In fact, the point of the Commission's decision to continue treating ISPs (enhanced service providers in the parlance of 1983) as end users was that nothing (except the new obligation to pay the nominal special access surcharge) would change about the way ISPs paid for connecting to the network.[14]

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13 One significant threshold problem for SBC's argument is that so profound a change in the regulatory regime for local calls to ISPs would need to be plainly stated in the Commission's finding. And given the Commission's unequivocal conclusion that ISPs should be treated just like other end users, the creation of a such "loophole" concerning the "sent paid" status of local calls to ISPs would require a plain and unambiguous finding. Because no such finding exists, all local calls -- including local calls to ISPs -- remain "sent paid," and SBC's argument collapses.

14 See MTS and WATS Market Structure, Memorandum Opinion and Order, 97 FCC 2d 682, ¶83 (1983).

As the Commission explained, after the introduction of access charges, ESPs "will remain subject to business local exchange service charges for the line between the . . . enhanced service node . . . and the telephone company's local switch. In addition, all switching functions will continue to be subsumed under the local business rate." Id., ¶ 88 (emphasis added). Those local business rates were based on the "sent paid" approach then and they are based on "sent paid" approach now. SBC tries to argue that the reference to local switching as subsumed in the local rates paid by ISPs indicates that the Commission thought that ISPs pay for the costs of receiving traffic. But the Commission knew then how local business rates worked (just as it knows now). The Commission's use of the word "continue" amply demonstrates the Commission did not make any changes to the "sent-paid" status of local calls when they are terminated to ISPs.

Nor is SBC's reliance on other precedents in the ex parte any more convincing. For example, SBC's construction of the Commission's statement in the Access Charge First Report and Order is misleading. As mentioned, the Commission stated in that order that incumbent LECs should address concerns with the states to the extent that "some intrastate rate structures fail to compensate incumbent LECs adequately for providing service to customers with high volumes of incoming calls."

This statement is hardly conclusive evidence that the Commission believes that ISP local rates should cover the cost of delivering traffic to ISPs. Nor is it, as mischaracterized by SBC, a conclusion that ILECs "should raise the rates they charge ISPs." (See September 15 ex parte, Part I.E.) Rather, the Commission's deliberate reference to "customers with high volumes of incoming calls", which plainly applies to end users in general, and not just ISPs, contemplates local rate restructuring, not ISP surcharges. Moreover, the reference to the access charges paid by ISPs in the NARUC v. FCC decision is to the special access surcharge and the subscriber line charge, neither of which, as explained above, is relevant to reciprocal compensation.

SBC's "sent paid" argument is utterly unfounded, and should be rejected by the Commission.

V. The Commission Should Not Focus Upon Its Authority to Order "Bill and "Keep" in the Present Proceeding.

The Commission has indicated that it intends to issue a Notice of Inquiry to address comprehensively the issue of inter-carrier compensation. We are aware that the Commission will likely seek comment on the idea of bill and keep for all forms of inter-carrier telecommunications traffic. Without taking any position here on the merits of a broad application of bill and keep to inter-carrier compensation, we urge the Commission not to pre-judge the outcome of a broader proceeding by selectively applying bill and keep only to local competition at this time. If, after full notice and public comment, the Commission believes that bill and keep is appropriate for inter-carrier compensation and not in conflict with the Telecommunications Act, it should implement it simultaneously and uniformly across all forms of inter-carrier traffic.

VI. Rates for Switching and Transport UNE Elements Should Be Identical to the Rates for the Same Functions Within Reciprocal Compensation.

Most state commissions that have completed cost proceedings have established the same rates for the switching and transport UNE elements as they have for the same functions that are recovered by reciprocal compensation. For example, the reciprocal compensation rates recently adopted by the Texas PUC are based on the Southwestern Bell UNE cost studies. Similarly, the New York PSC used the UNE tandem, end office, and transport prices to set reciprocal compensation rates.

The importance of insuring that the same prices are applied to the same functions in different proceedings is much more than just a matter of logical consistency. The ILECs have immense incentives to set UNE rates high, while trying at the same time to set reciprocal compensation rates artificially low. Consequently, if an ILEC were to try to sponsor a cost methodology that would benefit it in a reciprocal compensation proceeding, that same methodology would have just the opposite effect in a UNE rate proceeding, provided consistency were maintained. This has the obvious effect of restraining an ILEC's effective ability to argue for novel and unfounded cost positions, thereby narrowing the range of cost issues, and expediting their resolution.

But this result only exists so long as the same rates are required for the same functions, no matter what the proceeding involved. If the ILECs were able to sever that linkage, they would then to be free to conjure up whatever cost theories they wanted, and thereby protract any final resolutions. The Commission should resist this by a simple affirmation that states should use the same rates for the same functions in UNEs as they do for reciprocal compensation.

VII. The Commission Should Not Attempt to Address VoIP Traffic in this Proceeding.

We do not believe the Commission has a record in the present proceeding that would permit it to address any of the issues associated with Voice over Internet Protocol ("VoIP") traffic. Indeed, the inadequacy of the current record in this regard is aptly demonstrated by the fact both Qwest and SBC have injected arguments concerning VoIP for the first time in their reply comments (Qwest at 9, n. 11; SBC at 22, n. 42).

The Commission should expressly reserve all issues and aspects involving VoIP traffic for a future proceeding. However, there is one important point about the ILECs' last minute reliance on VoIP traffic in trying to argue that ISP-bound calls resemble ordinary inter-exchange calls. Plainly, the fact the ILECs must resort to VoIP calls in order to find an analogy to ordinary interexchange calls simply underscores that ISP-bound local calls which do not involve VoIP are clearly distinguishable from interexchange calls.

Please let us know if we can address any other questions you might have.

Yours truly,

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ATTACHMENT A

CALCULATION OF THE AVERAGE RECIP COMP RATE ORDERED IN THE PAST 12 MONTHS BY THE FOUR LARGEST STATES, WEIGHTED BY ILEC ACCESS LINES PER STUDY AREA

Four largest states ruling on recip comp rates in the last 12 months	Recip Comp Rate	ILEC Access Lines*	
New York	$0.003400	12712808	
Illinois	$0.003746	6830172	
Georgia	$0.002309	3996188	
Texas	$0.001096	9328001	
Weighted average recip comp MOU rate =			$0.0027

*PRELIMINARY STATISTICS OF COMMUNICATIONS COMMON CARRIERS, FCC, 1988 Ed., p. 20

ATTACHMENT B

COMPARISON OF INITIAL RECIPROCAL COMPENSATION RATES WITH CURRENT RATES

Rate	CA	FL	GA	IN	NC	OH	TX*	WI
EO:								
old		$0.1028		$.0070		$0.0070	$0.00725	$0.0070
new		$0.002		$0.004097		40.003815	$0.001096	$0.004241
Tandem:								
old		$0.01056	$0.009910	$0.0090	$0.01344	$0.0090	$0.00975	$0.0090
new			$0.003101	$0.00458	$0.00308	$0.0046970	$0.000794	$0.005239

* Up to a 3:1 ratio, carriers are compensated 42% of the tandem and transport cost in addition to the EO rate. Highest CLECs are able to rebut the presumption that only 42% of its traffic should be compensated at the tandem rate.

ATTACHMENT C

Methods and Procedures for Forecasting, Ordering and
Provisioning Interconnection Trunks

Forecasts: At six month intervals, the ILECs will provide good faith trunk forecasts for each POI, for which a CLEC pays for dedicated transport. The forecast will provide quarterly projections for local trunking volumes, switch-ports and interoffice transport facilities that the other Party will need to efficiently terminate its customers' originated traffic.

Ordering and Provisioning: The CLEC shall order the quantity of incoming trunks within the specified quarter as detailed in the forecast. If it is necessary for the ILEC to request that non-forecasted incoming trunks be ordered, the ILEC shall use a Trunk Group Service Request (TGSR) to issue a request.

Trunk Group Target Utilization Rate: The trunk group utilization shall be determined by calculating the trunk group capacity at a P.01 grade of service and Erlang B traffic tables. If the trunk groups are high usage groups, the calculation should be made using the high usage traffic tables and based on P.01 grade of service.

- If, after 180 calendar days of trunk installation, the overall trunk group utilization rate at peak busy hour is less than [X]% of the target utilization rate, the CLEC shall provide proper notice to the ILEC, and submit a request via a TGSR reflecting that such trunks are to be disconnected. Within thirty (30) calendar days of receiving proper notice and the TGSR to disconnect, the CLEC and the ILEC shall confer with each other and mutually agree to disconnect such trunks.

- In the event the ILEC and the CLEC are unable to agree to disconnect such trunks, and it is determined that the trunks are in fact under-utilized, payment shall be made by the ILEC to the CLEC for the percentage of the trunk group's total monthly recurring charge equal to the difference between the actual utilization rate and the Target Utilization Rate. For example, if during a specified period, the target utilization rate is 60% and the CLEC's utilization is only 40%, the CLEC will be credited by the ILEC for 20% of the monthly recurring charge for the trunk group for each month of the specified period.

- In the event the ILEC fails to timely provision forecasted trunks or transport, the ILEC shall pay the CLE [X%] of the monthly recurring charge for the trunk group for each month of the specified period.

ATTACHMENT D

Baseline Service Level Performance Measurement Areas:

Pre Ordering	Provisioning	OSS
Response Time for CSR	On-Time Service Delivery	OSS Availability
Response Time Due Date Availability	FOC Response Time	OSS Outage Time
Response Time for Address Validation	Reject Notification Response Time	
Response Time for Loop Qualification	Missed Installation	
	_% Orders held for lack of facilities	
Response time for Reject notification	% Troubles within 24 Hours of Provisioning	
% Rejected Service Requests	Held Order Interval and Mean	
	Order Completion Interval	
	Jeopardy Interval and Percent Jeopardy	

Maintenance	Billing	Collocation
Trouble Report Rate	Billing Accuracy	% of Missed Collocation Due Dates
Mean Time to Repair	Billing Timeliness	Average Delay Days for Missed Due Dates
Out of Service > 24 Hours	Billing Dispute Interval	Percent of Requests Processed within agreed Timelines
% Troubles within 30 days of Provisioning	Interval to Correct Billing Errors	
Missed Repair Appointments		

353098

3. **USAGE SERVICES IN MARKET SERVICE AREAS** 1, 2, 3, 6, 7, 9, and 15 (cont'd) (T)/2/

3.2 The following services are available in these Market Service Areas: (T)

A. Business Usage Service

1. Available to all business customers as described in 1.3A preceding, (C) including direct line, P.B.X. and Switching System Services except (C) Dormitory Service, Integrated Information Network, Centrex Switching Service and Centrex Service (Basic).

2. Band A, B, and C Business Usage Services are classified as competitive for all business customers.

   In addition, Business Usage Service is available to business customers ordering business port(s) as specified in Part 19, Section 1 of tariff Ill. C.C. No. 20.

3. Provides for calling on a timed basis.

4. Rates and charges are as specified in 3.3 and 3.4 following. (T)/2/

B. Residence Usage Service (N)

1. Available to all Residence customers, as described in 1.3B preceding, including direct line, P.B.X. and Dormitory Service. In addition, available to customers ordering residence port(s) as specified in Part 19, Section 1 of tariff Ill. C.C. No. 20.

2. Provides for calling charged on an untimed per call basis to terminating districts in Band A. All other calls are charged on a timed basis.

3. Rates and charges are as specified in 3.3 and 3.4 following and Part 4, Section 2, of tariff Ill. C.C. No. 20. (N)

/1/ Material now appears on Sheet Nos. 2.2 through 25 in this Section.

/2/ Material formerly appeared on Sheet Nos. 1 through 14 in this Section.

3. **USAGE SERVICES IN MARKET SERVICE AREAS 1, 2, 3, 6, 7, 9, and 15 (cont'd)** (T)/2/

3.2 The following services are available in these Market Service Areas: (cont'd)

C. Residence 5 & 5 Calling Plan (C)

1. Available to all Residence customers as described in 1.3 B. preceding, including direct line, P.B.X. and Dormitory Service.

2. Provides for calling charged on an untimed per call basis to terminating districts in Band A. All other calls are charged on a timed basis.

3. Rates and charges for the Residence 5&5 Calling Plan are as specified in 3.3 E. following. (C)/2/

/1/ Material now appears on Sheet Nos. 2.2 through 25 in this Section.

/2/ Material formerly appeared on Sheet Nos. 1 through 14 in this Section.

3. **USAGE SERVICES IN MARKET SERVICE AREAS 1, 2, 3, 6, 7, 9, AND 15** (cont'd)

3.3 Rates and Charges

A. Minutes of Use (MOU) are charged at a declining rate for Business Usage Service. Usage is accumulated on a per account basis during the customer's billing period, with the declining rate charged as described in Paragraph C.

B. Minutes of Use Rate Schedules

1. Business Usage Rate Schedules

/1/ (D)

(D)

/1/ Bands A & B Volume Discounts eliminated effective with bills issued on or after February 5, 1999. (C)

3. USAGE SERVICES IN MARKET SERVICE AREAS 1, 2, 3, 6, 7, 9, AND 15 (cont'd)

3.4 Usage Charges

A. Business and Residence Schedules

Minutes of use charges vary by band. For residence schedules, see also Ill. C.C. No. 20, Part 4, Section 2, for rates for Band A and Band B usage. Initial period and overtime period charges, by band, are as follows:

1. Business Usage Service

a. Usage charges applicable to business customers

Band	Initial and Subsequent Time Period	All Period Rating Initial Period Charge	Subsequent Period Charge	
A	1 Minute	.0400	.0150	(T)
B/1/	1 Minute	.0800	.0400(I)	
C/1/	1 Minute	.1200(I)	.1200(I)	(T)

/1/ Effective with bills issued on or after August 19, 1999. (C

3. USAGE SERVICES IN MARKET SERVICE AREAS 1, 2, 3, 6, 7, 9, and 15 (cont'd)

3.4 Usage Charges (cont'd)

A. Business and Residence Schedules (cont'd)

2. Residence Usage Service in Market Service Areas 2, 3, 6, 7, 9 and 15[1]

		Peak Period Rating		Discount Period Rating		
		Initial Period Charge	Subsequent Period Charge	Shoulder Peak Charge	Off Peak Charge	
A	Untimed	$.0560	Not Applic.	90% of	60% of	
B	1 min.	.0500(R)[3]	.0170(R)[3]	Peak Period	Peak Period	(N)

Peak period rates are applicable for calls between 9:00 a.m. and [2]11:00 a.m., and between 2:00 p.m. and [2]8:00 p.m., Monday through Friday. Discount period rates are applicable as follows: Shoulder Peak for calls between 8:00 a.m. and [2]9:00 a.m., 11:00 a.m. and [2]2:00 p.m., 8:00 p.m. and [2]9:00 p.m., Monday through Friday; Off Peak for calls between 9:00 p.m. and [2]8:00 a.m., Monday through Friday, and 9:00 p.m. Friday through [2]8:00 a.m. Monday. Calls overlapping these periods will be rated as specified in C. following. Shoulder Peak discount does not apply to Business Operator Assisted Band C Usage.

/1/ Band A and B Residence Usage Services are classified as competitive for all Residence customers in the following districts: Alton, Belleville, Champaign Urbana, Collinsville, Danville, Decatur, East Moline, East St. Louis, Edgemont, Edwardsville, Granite City, Moline, O'Fallon, Peoria, Quincy, Rock Island, Rockford, Springfield, and Wood River. Band C Residence Usage Service is a competitive service.

/2/ To but not including

/3/ Effective with bills being issued after August 14, 1999.

C. MESSAGE RATE SERVICE

** 1. BASIC LOCAL SERVICE CHARGE PER MONTH £ ¢

a. Residence

Basic Life Line	$1.00
Basic Message . . . .)	
Auxiliary* . . . .)	6.60 (5.60)#
Trunk . . . .)	

** Charges for Extension Service as specified in Section 2, Paragraph B. of Tariff P.S.C. No. 900--Telephone apply as appropriate.

* Calls made over an auxiliary line are charged for as if made over the individual line.

£ Calls to which the Home Region rate applies are untimed.

¢ Monthly local service charge does not include a monthly allowance for local calls.

The amount in parenthesis (   ) represents the equivalent link amount that will be reduced from the full service line amount when a customer utilizes the corresponding port rate from Section 25.

(T

C. MESSAGE RATE SERVICE (Cont'd)

1. BASIC LOCAL SERVICE CHARGE PER MONTH (Cont'd)

b. Business £

Timed## Individual Line	Timed## Auxiliary Line	Timed## Trunk	
$16.23 (13.09)	$16.23 (13.09)	$16.23 (15.32)	(C)

There is no allowance of local calls per month for business service.

* Charges for Extension Service as specified in Section 2, Paragraph B. of Tariff P.S.C. No. 900--Telephone apply as appropriate.

Refers to timing of calls to which the Home Region rate applies.

£ The amount in parenthesis ( ) represents the equivalent link amount that will be reduced from the full service line amount when a customer utilizes the corresponding port rate from Section 25. The full service line amount applies except in those wire centers where the Company exercises the Flexible Pricing Option. A Rate Schedule for such wire centers will be issued in accordance with Paragraph R.4.c. of Section 1.

Issued: pursuant to the Order of the Public Service Commission of December 18, 1992, in Case No. 91-C-1174, and without waiver of or prejudice to any rights or objections of New York Telephone Company with respect to such Order.
Issued: January 13, 1993. Effective: January 15, 1993.
By Cornelia McDougald, General Attorney
1095 Avenue of the Americas, New York, N.Y. 10036

C. MESSAGE RATE SERVICE (Cont'd)

2. CHARGES FOR LOCAL CALLS

Calling patterns will not be affected by the 516/631 NPA geographic area code split.

a. Rates (C)

Residence

The following table shows the charges (in cents) for all intrastate calls between stations bearing the designations of central offices within the New York Metro LATA. (T)

Home Region calls are untimed and the rate is on a per call basis. The letter H indicates that the Home Region rate shown in 2.a.(1) following applies.

Region-to-Region calls are timed and the rates shown in 2.a.(2) following apply for each minute or fraction thereof. (C)
(C)

(1) Home Region Calling*

10.6¢ per call

* A discount of 40% applies per call made in the Evening Rate period and a discount of 65% applies per call made in the Night Rate period for Home Region Calling. The rate periods are shown in Paragraphs c. and d. following. (C

(2) Region-to-Region Calling#, **, £

	Day	Evening	Night
Per Minute or Fraction Thereof	7.0¢	5.0¢	4.0¢

Home Region and Region-to-Region Calling

The letter H indicates that the Home Region rate applies and the letter R that the region-to-region rate applies.

From Region	To Region: New York City	Nassau	West Suffolk	East Suffolk	Lower Wchtr	Upper Wchtr	Rockland
New York City	R	R	R	R	R	R	R
Nassau	R	H	R	R	R	R	R
West Suffolk	R	R	H	R	R	R	R
East Suffolk	R	R	R	H	R	R	R
Lower Wchtr	R	R	R	R	H	R	R
Upper Wchtr	R	R	R	R	R	H	R
Rockland	R	R	R	R	R	R	H

(C

\# For ECONOPATH Calling Plan Service see Paragraph O. and for exceptions see Paragraph a.(3) following.

** Day, evening and night rate periods are shown in Paragraph C. 2. c. following.

£ To be implemented with the customer's first full bill period following the effective date of this Tariff. (N)
(N)

C. MESSAGE RATE SERVICE (Cont'd)

2. CHARGES FOR LOCAL CALLS (Cont'd)

a. Rates - Day Period Charges (Cont'd)

Business

The following table shows the charges for customer dialed station-to-station sent-paid calls originating from business services lines between stations bearing the designations of central offices within the New York Metro LATA.

Home Region and Region-to-Region calls are timed; for Home Region, the rate is for the first three (3) minutes or fraction thereof for Region-to-Region, the rate is for the first minute or fraction thereof. The letter H indicates that the Home Region rates shown in 2a.(1) following apply. The charge for each additional minute shown (in cents) in 2.a. (1) and (2) following applies to each additional minute or fraction thereof.

(1) Home Region Calling**, ##

8.0¢ - 1st 3 minutes or fraction thereof
1.3¢ - each add'l min. or fraction thereof

(2) Region-to-Region Calling*, #, +

	FROM REGION	New York City	Nassau	West Suffolk	East Suffolk	Lower Wchtr	Upper Wchtr	Rockland	
Initial Min	New York	H	11.0	11.0	11,0	11.0	11.0	11.0	
Ea Add'l Min	City		8.0	8.0	8.0	8.0		8.0	
Initial Min	Nassau	11,0	H	11.0	11.0	11.0	11.0	11.0	
Ea Add'l Min		8.0		8.0	8.0	8..0	8.0	8.0	
Initial Min	West	11.0	11.0	H	11.0	11.0	11.0	11.0	
Ea Add'l Min	Suffolk	8.0	8.0		8.0	8.0	8,0	8,0	(C)
Initial Min	East	11.0	11.0	11.0	H	11.0	11.0	11.0	
Ea Add'l Min	Suffolk	8.0	8.0	8.0		8.0	8.0	8.0	
Initial Min	Lower	11,0	11.0	11.0	11,0	H	11.0	11.0	
Ea Add'l Min	Wchtr	8.0	8.0	8.0	8.0		8.0	8.0	
Initial Min	Upper	11.0	11.0	11.0	11.0	11.0	H	11,0	
Ea Add'l Min	Wchtr	8.0	8.0	8.0	8.0	8.0		8.0	
Initial Min	Rockland	11.0	11.0	11.0	11.0	11.0	11.0	H	
Ea Add'l Min		8.0	8.0	8.0	8.0	8.0	8.0		

A discount of 40% applies per call made in the Evening Rate period and a discount of 65% applies per call made in the Night Rate period. The rate periods are shown in Paragraphs c. and d. following.

See explanation of endnotes on Page 20.2.

Issued: March 20, 2000
Effective: April 22, 2000

By Sandra Dilorio Thorn, General Counsel
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